

SENATE FINANCE COMMITTEE

March 18, 2021

1:01 p.m.

1:01:54 PM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:01 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski (via teleconference)
Senator David Wilson (via teleconference)

MEMBERS ABSENT

None

PRESENT VIA TELECONFERENCE

Lucy Nelson, Mayor of Kotzebue, Kotzebue; Jim Matherly, City of Fairbanks, Fairbanks; Sue Sherif, Self, Fairbanks; Mike Welch, Mayor of North Pole, North Pole; Patrick Reinhart, Executive Director, Alaska Mobility Coalition, Eagle River; Katie Botz, Self, Juneau; Mat Tekker, Mayor of Kotzebue, Kotzebue; Laurie Wolf, Foraker Group, Anchorage; June Rogers, City Council Member, Fairbanks; Krista Maciolek, Matsu Youth Court, Matsu; Jesse Riehm, Tanana Chiefs Conference, Fairbanks; Bryce Ward, Mayor of Fairbanks, Fairbanks; Megan Weston, Anchorage Youth Court, Valdez; Sara Irwin Goudreau, Valdez Youth Court, Valdez; Carol Piscoya, Kawerak Inc, Nome; Miranda Nelson, Self, Nikiski; Layton Lockett, City Manager, City of Adak, Adak; Cindy Wright, University of Alaska Fairbanks Alumni Association, Fairbanks; Clay Walker, Mayor of Denali Borough, Healy; Carin Adickes, Self, Sitka; George Butt, Klondike Electric Bicycles, Skagway; Christian Scantling, Self, Sitka; Stacey Lucason, Self, Chugiak; Adam Chinalski, Self, Sitka; Kris Chinalski, Self, Sitka; Annelise Burgess, Self, Anchorage; Robert Radovan, Self, Anchorage; Kate

Loewen, Self, Kodiak; Mickey Barker, Self, Sitka; Carolyn Evans, Self, Sitka; Amy Bethune, Self, Sitka; Ron Johnson, Self, Fairbanks; Elijah Jackson, Mayor of Ouvinki, Ouvinki; Laura Bonner, Self, Anchorage; Deb Potter, Self, Skagway.

SUMMARY

SB 49 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 49 was HEARD and HELD in committee for further consideration.

SB 50 APPROP: CAP; REAPPROP; SUPP; AMEND

SB 50 was HEARD and HELD in committee for further consideration.

SB 51 APPROP: MENTAL HEALTH BUDGET

SB 51 was HEARD and HELD in committee for further consideration.

#sb49

#sb50

#sb51

SENATE BILL NO. 49

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

SENATE BILL NO. 50

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making supplemental appropriations; making appropriations to capitalize funds; and providing for an effective date."

SENATE BILL NO. 51

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

^PUBLIC TESTIMONY: FAIRBANKS, INTERIOR, COPPER RIVER VALLEY, AND ALL OTHER LOCATIONS

1:03:06 PM

LUCY NELSON, MAYOR OF NORTHWEST ARCTIC BOROUGH, KOTZEBUE (via teleconference), testified against proposed cuts to the Community Assistance Program (CAP), the Power Cost Equalization (PCE) Program), and the School Bond Debt Reimbursement Program. She discussed the importance of the CAP to water, sewer, and sanitation as well as fire and safety for the borough. She noted that money saved through the PCE program was used for basic expenses. She discussed the impact of the proposed cuts. She relayed that the consequences of the proposed cuts would be felt far into the future.

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JIM MATHERLY, CITY OF FAIRBANKS, FAIRBANKS (via teleconference), spoke in support of funding the state's contributions to the Public Employees' Retirement System (PERS). He discussed Fairbanks' 22 percent contribution rate towards the unfunded liability. He supported funding for the CAP. He urged the members to recapitalize the fund to the full \$90 million level. He opposed the prosecution of misdemeanor crimes by municipalities as proposed by the Department of Law. He believed the state had an obligation to prosecute the crimes.

1:08:37 PM

SUE SHERIF, SELF, FAIRBANKS (via teleconference), testified in support of the Alaska Library Network and restoration of \$635,000 to the Alaska State Library budget. The network allowed libraries in the state to collaborate to achieve efficiencies of scale. She discussed benefits of the network such as a statewide catalog and access to online resources. Libraries could pool resources negotiate contracts and make purchases. She discussed the important services the network provided during the year of mostly

online schooling. She thought support of the library network was a fiscally responsible and sensible expenditure for a conservative and sustainable budget.

[1:11:36 PM](#)

MIKE WELCH, MAYOR OF NORTH POLE, NORTH POLE (via teleconference), spoke in support of funding for the unfunded liability for PERS and the Teacher's Retirement System (TRS). The City of North Pole spent 11 percent of its overall budget towards PERS. He cited that his city was currently paying \$672,000 for its \$3.1 million payroll, which was 11 percent of its overall budget. He discussed unfunded ratios per capita.

[1:14:11 PM](#)

PATRICK REINHART, EXECUTIVE DIRECTOR, ALASKA MOBILITY COALITION, EAGLE RIVER (via teleconference), testified in support of a \$1 million capital budget item for the transit match program that helped transit providers achieve federal matching requirements. He had submitted written testimony. He suggested that the program be revived as a needs-based program. He discussed division of COVID-19 relief funds for rural transit. He discussed CARES Act funding, of which funds had been split between the AMHS and rural transit providers. He understood there would be more funding coming in the amount of \$57 million. His group supported a funding split of two-thirds for rural transit with one-third for AMHS. He supported the AMHS.

[1:17:30 PM](#)

KATIE BOTZ, SELF, JUNEAU (via teleconference), spoke in support of full funding for the mental health budget. She discussed her personal diagnosis. She discussed the impacts of COVID-19. She cited that many people in the state were suffering from poor mental health. She asserted that people did not understand mental illness and depression. She emphasized the importance of understanding the reality of mental illness.

[1:21:39 PM](#)

MAT TEKKEER, MAYOR OF KOTZEBUE, KOTZEBUE (via teleconference), testified in support of maintaining PCE payments, funding for PERS and TRS, and funding for

broadband assistance. He supported increased funding for regional jails. He opposed closures of Division of Motor Vehicles (DMV) offices. He supported outreach for the Read I.D. in rural areas. He supported full funding for the Community Assistance Fund. He supported funding for harbor facility matching grants. He was grateful for the capital bond packing, including to leverage federal funds for the road project to Cape Blossom. He was grateful for Mt. Edgecombe High School being open for the year.

[1:24:12 PM](#)

LAURIE WOLF, PRESIDENT, FORAKER GROUP, ANCHORAGE (via teleconference), spoke in support of maintaining partnerships with non-profits. She asserted that non-profits had been on the front lines in response to the global pandemic. She thought non-profits had operated as a safety net. She thought the pandemic had heightened the multi-sector approach that worked well in the state. She thought non-profits would be an integral part of the state's long-term recovery. She discussed federal relief funds. She encouraged lawmakers to make long-term plans with the temporary funds.

[1:26:54 PM](#)

JUNE ROGERS, CITY COUNCIL MEMBER, FAIRBANKS (via teleconference), spoke in support of funding for the state's PERS contribution. The city supported maintaining the 22 percent PERS contribution rate to pay off the unfunded liability. She opposed the Department of Law's proposed change that would charge the municipality for prosecution of misdemeanor crimes. She spoke to the importance of the CAP and urged recapitalization to the full \$90 million. She opined that the programs former name, Community Revenue Sharing, better described the program's original intent.

[1:29:10 PM](#)

KRISTA MACIOLEK, MATSU YOUTH COURT, MATSU (via teleconference), testified in support of funding for youth courts. She referenced earlier testimony regarding the effectiveness of youth courts. She proposed that youth courts provided thousands of community work service hours to the local community. She mentioned the low recidivism

rate of juvenile offenders that participated in the youth court.

[1:31:00 PM](#)

JESSE RIEHM, TANANA CHIEFS CONFERENCE, FAIRBANKS (via teleconference), supported maintained funding for sobering centers across the state. The sobering center was opened to reduce use of the emergency department. He discussed the work of the sobering center and cited its cost effectiveness. He asked the committee to maintain funding for sobering centers.

[1:33:21 PM](#)

BRYCE WARD, MAYOR OF FAIRBANKS, FAIRBANKS (via teleconference), testified in support of revenue sharing and funding the full \$90 million for the CAP. He asserted that the recovery of communities was dependent upon the state coming up with a stable plan. He mentioned impacts such as school bond debt reimbursement and the timing of municipal and state budgets. He encouraged the legislature to complete the budget as soon as possible to provide stability.

[1:35:28 PM](#)

MEGAN WESTON, ANCHORAGE YOUTH COURT, VALDEZ (via teleconference), spoke in support of funding for youth courts and the Division of Juvenile Justice's budget. She was formerly a member of the program. She discussed the effectiveness of youth courts in changing the lives of young people.

[1:37:57 PM](#)

SARA IRWIN GOUDREAU, VALDEZ YOUTH COURT, VALDEZ (via teleconference), testified in support of restored funding for youth courts and the DJJ budget. She had worked with youth courts for 17 years and believed in the value of the program. She noted that both youth offenders and youth peer participants benefitted from youth court programs. She cited a newspaper article that compared the benefits of investing in prisons versus higher education. The article cited Alaska's high recidivism rate. She noted that recidivism was reduced when youth participated in youth court.

1:40:34 PM

CAROL PISCOYA, KAWERAK INC, NOME (via teleconference), spoke in support of increased funding for children and family services. She explained that Kawarak Inc. was a regional tribal consortium. She relayed that Kawarek had signed on to the Alaska Tribal Child Welfare Compact. She discussed activities through the compact. She referenced the high turnover rate at the Office of Children's Services and requested increased funding for Kawarek to assist children in the region.

1:42:57 PM

MIRANDA NELSON, SELF, NIKISKI (via teleconference), testified in support of the governor's budget proposal and smaller government. She supported using the statutory formula to calculate PFDs. She thought Covid-related shutdowns highlighted what services were essential. She thought reduced government allowed small businesses to flourish.

1:44:38 PM

LAYTON LOCKETT, CITY MANAGER, CITY OF ADAK, ADAK (via teleconference), spoke in favor of the PCE Program. He supported shared fish taxes, which contributed to Adak's operating budget. Some of the funds were used to fund the Village Public Safety Officer (VPSO) in Adak. He supported recapitalization of the CAP. He asked for support in funding Department of Transportation and Public Facilities' rural airports. He was concerned that any impact on funding rural airports would have disastrous effects because of the lack of other transportation options. He discussed the critical nature of air traffic in providing goods and services to Adak and the surrounding area.

1:47:33 PM

CINDY WRIGHT, UNIVERSITY OF ALASKA FAIRBANKS ALUMNI ASSOCIATION, FAIRBANKS (via teleconference), testified in support of University funding. She thought the University was part of the state's fiscal solution. She mentioned additional federal acres that were to be allocated to UA. She supported the continuation of the Technical Vocational Education Program (TVEP) program. She asserted that capital

appropriations were important to stabilize the budget. She supported addressing deferred maintenance.

[1:49:17 PM](#)

CLAY WALKER, MAYOR OF DENALI BOROUGH, HEALY (via teleconference), spoke in support of funding the CAP. He discussed cuts to the CAP. He had served as mayor of the Denali Borough for the previous eight years. He discussed major maintenance of school facilities. He urged the committee to support recapitalization of the CAP to the full \$90 million, which would help stabilize local governments. He asked for consideration of at least \$25 million for the state's share of the major school maintenance program. He asked the legislature to considered assistance to communities that would not receive funds from the American Rescue Plan. He urged consideration of a balanced approach, including new revenue and steps towards a sustainable fiscal plan.

[Co-Chair Bishop handed the gavel to Co-Chair Stedman.]

[1:51:58 PM](#)

CARIN ADICKES, SELF, SITKA (via teleconference), supported increased funding for the AMHS. She discussed the decline of ferry service. She discussed the importance of ferry service to connect to services in Juneau. She thought the current ferry schedule was totally unconscionable.

[1:53:15 PM](#)

GEORGE BUTT, KLONDIKE ELECTRIC BICYCLES, SKAGWAY (via teleconference), testified in support of increased funding for the AMHS. He discussed the impact of the Covid-19 pandemic on Skagway due to the lack of tourism. He discussed the importance of ferry service for supporting independent travelers. He advocated for funding for municipalities to offset lost revenues. He supported funding for tourism-related businesses.

[1:54:43 PM](#)

CHRISTIAN SCANTLING, SELF, SITKA (via teleconference), testified in support of increased funding for the AMHS. He discussed the importance of ferry service for accessing

goods, services, and healthcare. He urged the committee to advocate for at least a bi-weekly ferry schedule to Sitka.

[1:56:15 PM](#)

STACEY LUCASON, SELF, CHUGIAK (via teleconference), spoke in support of funding deferred maintenance for the University. She disclosed that she was part of the UA Alumni Association. She discussed the importance of maintaining state resources. She discussed the importance of the role of UA in workforce innovation.

[1:58:21 PM](#)

ADAM CHINALSKI, SELF, SITKA (via teleconference), supported increased funding for the AMHS. He discussed the importance of increased ferry service. He had been in Sitka for 14 years and had seen the service decrease significantly.

[2:00:01 PM](#)

KRIS CHINALSKI, SELF, SITKA (via teleconference), testified in support of increased funding for the AMHS. She discussed the importance of round-trip ferry service to Juneau in a timely manner. She discussed purchasing goods in-state using ferry service rather than out of state.

[2:01:11 PM](#)

ANNELISE BURGESS, SELF, ANCHORAGE (via teleconference), spoke in support of restored funding for the Anchorage Youth Court. She had been a past Anchorage Youth Court lawyer and employee of the youth court. She discussed what she had learned working with the youth court. She asserted that the youth court was good for society. She discussed reduced rates of recidivism due to the youth court.

[2:03:36 PM](#)

ROBERT RADOVAN, SELF, ANCHORAGE (via teleconference), testified against increased state spending. He lamented excess state spending and used the example of the Muldoon Overpass project and an overpass. He recommended that the state institute a state income tax of 15 percent and do away with all sales taxes. He pointed out that a sales tax only hurt Alaska residents, while an income tax would

capture contributions from out of state workers. He emphasized frugal budgeting.

[2:05:05 PM](#)

KATE LOEWEN, SELF, KODIAK (via teleconference), supported increased funding for the AMHS. She had been a resident of the state for 50 years. She discussed the importance of the ferry for accessing services such as healthcare. She supported full funding for UA. She thought it should be affordable to attend college in the state. She supported reinstatement of a state income tax.

[2:06:50 PM](#)

AT EASE

[2:24:09 PM](#)

RECONVENED

MICKEY BARKER, SELF, SITKA (via teleconference), supported increased funding for increased ferry service. He worked as an engineer for the AMHS. He asserted that Sitka needed increased ferry service in order to get to and from Juneau. He had seen that construction companies were making supply purchases from the Lower 48 rather than in Juneau. He was sure that businesses were losing money as a result of decreased ferry services.

[2:26:19 PM](#)

CAROLYN EVANS, SELF, SITKA (via teleconference), spoke in support of increased funding for the AMHS and increased service from Sitka to Juneau. She supported a round-trip sailing at least once per week in order to provide for shopping, medical services, work, and other needs.

[2:27:46 PM](#)

AMY BETHUNE, SELF, SITKA (via teleconference), testified in support of increased funding for the AMHS. She supported increased ferry system between Sitka and Juneau. She discussed the importance of ferry access.

[2:29:09 PM](#)

[Co-Chair Stedman handed the gavel to Co-Chair Bishop.]

RON JOHNSON, SELF, FAIRBANKS (via teleconference), spoke in support of maintaining the current level of Percent of Market Value draw from the Earnings Reserve Account. He was concerned about the depletion of the ERA and the Permanent Fund. He discussed federal stimulus funds. He supported educating Alaskans about the statutory calculation for the Permanent Fund.

2:31:09 PM

AT EASE

2:43:06 PM

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RECONVENED

ELIJAH JACKSON, MAYOR OF OUZINKI, OUZINKI (via teleconference), testified against the governor's proposed budget. He cited infrastructure issues in the city. He relayed that the pandemic had pushed infrastructure projects out by one to two years. He supported recapitalization of the CAP to the \$90 million level to provide stability for local governments. He supported reinstatement of local emergency planning committee funding so local governments were better prepared for crises such as the pandemic. He referenced a tsunami warning two months previously and the conflict with positive COVID-19 cases in the tsunami shelter. He expressed frustration with limited resources and funding available to deal with matters at hand. He felt as though the voices of rural Alaska were not being heard.

2:45:48 PM

LAURA BONNER, SELF, ANCHORAGE (via teleconference), spoke in support of a new revenue sources such as an income tax and oil and gas tax changes. She supported funding for: K-12 education, UA, Courts, law enforcement, the Department of Corrections, AMHS, and the Department of Health and Social Services. She thought there were few places left to cut in the budget. She thought oil and gas were volatile revenue sources. She thought paying a \$5,000 PFD as proposed was ludicrous. She did not support closing DMV offices in rural areas. She supported funding for vital services. She thought the state needed either a decent capital budget and/or general obligation bonds to build infrastructure and for maintenance backlogs.

2:47:48 PM

DEB POTTER, SELF, SKAGWAY (via teleconference), supported additional funding for the AMHS. She noted that 90 percent of Skagway's economy was from cruise ships. She noted that the City of Skagway had been promoting independent travel, which required use of the AMHS. She noted that the municipality of Skagway had just chartered a private boat for transportation of citizens when the ferry was broken down. She implored the committee to support the ferry system.

2:49:28 PM

AT EASE

2:50:07 PM

RECONVENED

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ADJOURNMENT

2:50:20 PM

The meeting was adjourned at 2:50 p.m.

